

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1087 – SB 1985

March 30, 2012

SUMMARY OF AMENDMENTS (014174, 015049): Amendment 014174 requires health insurance plans to provide benefits and coverage for costs related to orally administered chemotherapy at the same level as coverage provided for intravenously administered or injected chemotherapy. Prohibits an insurer from increasing the patient's out-of-pocket costs for intravenously administered, orally administered, or injected chemotherapy agents to achieve compliance. Exempts the TennCare program from the provisions of the bill as amended.

Amendment 015049 requires the Commissioner of Commerce and Insurance to study the effects of the proposed legislation on health insurance costs in the state and report any findings to the Senate Commerce, Labor and Agriculture Committee and the House Commerce Committee by December 31, 2014. The act will repeal on July 1, 2015.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$17,500/One-Time
\$28,000/Recurring

Increase Local Expenditures – Not Significant

Increase Federal Expenditures - \$17,500/One-Time
\$54,800/Recurring

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in a not significant increase in the cost of health insurance premiums for plans that will make revisions to a patient's out-of-pocket expenses for chemotherapy within the provisions of the proposed legislation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures – Not Significant

Increase Local Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in a not significant increase in the cost of health insurance premiums for plans that will make revisions to a

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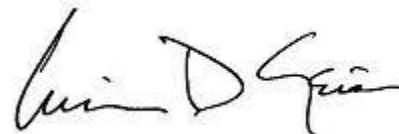
patient's out-of-pocket expenses for chemotherapy within the provisions of the proposed legislation.

Assumptions applied to amendments:

- According to the Department of Finance and Administration, the State, Local Education, and Local Government plans currently cover oral oncology medications through a specialty network and have adopted prescription limitations that appear to be authorized in the legislation as introduced.
- Any local governments that offer health care insurance that is not part of the state sponsored health plan, may incur an impact to plan costs if this mandate impacts the plan that is offered. It is assumed that only minor changes would be necessary and would not result in a significant impact on plan costs.
- According to the Department of Finance and Administration, the provisions of the bill as amended will not apply to the Cover Tennessee programs.
- The Department of Commerce and Insurance may receive revised forms and rates from some health insurance plans. Any cost is estimated to be not significant and can be accommodated within existing resources without an increased appropriation or reduced reversion.
- Private health insurance impact: For plans required to add orally administered chemotherapy or to eliminate co-pays or deductibles, there will be a shift in these costs to premiums paid by plan enrollees. Any increase in total premium amounts is estimated to be not significant.
- The Department of Commerce and Insurance will not incur a significant increase in expenditures to complete the study and report its findings to the appropriate legislative committees. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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